

# Utah Health Exchange



## Advantages for employees:

- Individual control and choice
- Pay with pre-tax dollars
- Plan portability
- Premium aggregation

## Advantages for employers:

- Simplified benefits management
- Predictable and controllable costs
- Preservation of tax benefits
- Expanded health care coverage options for employees

Offering affordable health insurance benefits is an increasingly difficult proposition for Utah's small businesses. Small businesses generally pay more for their health insurance coverage while having fewer plan options available. The Utah Health Exchange was created to reverse that equation. In the Exchange, employers will be able to designate a defined contribution—a specified dollar amount—to be contributed toward a health insurance plan selected by the employee, also via the Exchange. Defined contribution arrangements offer a number of advantages to both employees and employers.

The Utah Health Exchange gives employers expanded opportunities. Defined contribution plans simplify the management of a company's health benefit options. By enrolling in a defined contribution plan via the Exchange, the only decision an employer has to make is how much to contribute towards each employee's health benefit. Employers will no longer be responsible to choose between multiple plans, insurance companies, and provider networks. Furthermore, by making a defined contribution rather than choosing a company-wide health plan, employers can predict and contain health benefit costs from year to year.

A defined contribution plan also allows employers to continue to offer the tax benefits of an employer-sponsored plan. Employees can pay their portion of their health premium with pre-tax dollars, which reduces the employee's taxable income and also reduces the employer's FICA obligations.

The Exchange will help Utah's small businesses control their costs while offering expanded health coverage options to their employees. Enrolling in a defined contribution plan via the

Exchange allows employers to offer greatly expanded health plan options to their employees. Employees will use the Exchange to compare plans and providers and select the option best tailored to their individual needs; no more one-size-fits-all benefits packages.

Advantages for employers are equally as attractive. In defined contribution arrangements, employees, not employers, can compare and select the health plan that works best for their individual needs and circumstances via the Exchange. Employees may also pay their premium contribution with pre-tax dollars, thus reducing their tax liability. Certain plans available via the Exchange may also allow pre-tax contributions to a health savings account (HSA) which is then individually owned by the employee.

The Exchange also allows for plan portability, so employees can keep their coverage even if they change jobs, providing that both employers participate in a defined contribution plan.

Finally, the Exchange allows employees to aggregate premium contributions from multiple sources. The Exchange facilitates paying plan premiums from the defined contribution of the employer, the contribution of the employee, and other possible contributions from a second employer, a spouse's employer, etc.

Until spring of 2010 the UHE is closed for new applicants while the system is being beta tested to verify all components work in a timely manner for those companies who have already registered. Following the completion of the system tests the site will re-open to new applicants. Small businesses can log on to the system and request notification when the exchange reopens for enrollments. ⓘ